PROCEEDINGS

OF

THE TRAVANCORE SRI MULAM ASSEMBLY.

SECOND ASSEMBLY.

NINTH SESSION.

Monday, the 21st July 1941/6th Karkatakam 1116.

(OFFICIAL REPORT)

Vol. XVIII—No. 1.

CONTENTS.

			Page
1.	Presentation of the Budget for 1117 M. E.	...	1
2.	Statement by the Dewan-President	...	17

PROCEEDINGS

of

THE SRI MULAM ASSEMBLY.

(*OFFICIAL REPORT.*)

SECOND ASSEMBLY.

NINTH SESSION 1941/1116.

Monday, the 21st July 1941/6th Karkadakam 1116.

The Assembly met in joint Session with the Sri Chitra State Council in the Legislative Chamber, Public Offices at eleven of the clock, the President Sachivottama Sir C. P. Ramaswami Aiyar K. C. S. I., K. C. I. E., LL. D., Dewan of Travancore presiding.

Sir Francis Wylie, Political Adviser to His Excellency the Viceroy and Crown Representative and Lieut. Col. G. P. Murphy, Resident for the Madras States arrived at 11 A. M. and were seated on the dais.

MR. R. RAMA VARIER (*Deputy Accountant General in charge of the Financial Secretary's duties*): Sir, the Budget Estimates for the current year were presented to this House by my predecessor about this time last year, in an atmosphere surcharged with the calamitous effects of a devastating war. The sombre clouds that loomed in the horizon are still hanging over the world, threatening to uproot the very foundations of all international peace and amity. It has upset commerce and placed our sea-borne trade almost at a standstill. The lack of shipping facilities has had a serious set-back on our coconut and other industries as also on the revenue from our capital works which could not make the expected progress on account of the difficulty in obtaining machinery and materials from abroad. The cost of imported goods has become prohibitive, while the price of our indigenous commodities shows a marked tendency to decline. The economic depression and the growing unemployment in the country have also had their repercussions on our resources.

2. But despite these discouraging forces of an admittedly serious nature, it has been possible for Government to emerge unscathed out of what portended to be a serious financial set-back, without resorting to any additional taxation, unbearable or irksome to the ryot. Government, after reviewing the position sufficiently early carefully husbanded the resources of the State and enjoined rigid economy in all possible directions, without however impairing efficiency or sacrificing the primary needs of a progressive administration. The continued peace and tranquility within the country following a period of political agitation have also had their soothing effects on our finances,

T. P. T. 3131. 335. 16-12 1116.

[Mr. R. Rama Varier.]

Before reviewing in detail the influence of these various forces on our financial position, I shall pause for a moment and compare the final accounts of the last year with the revised estimates therefor.

ACTUALS OF 1115.

3. For the last completed year we anticipated in our revised estimates a revenue of Rs 266·30 lakhs and an expenditure charged to revenue of Rs 263·62 lakhs. Actually our revenue mounted up to Rs 267·75 lakhs, which is about a lakh and a half in excess of our anticipations. But our expenditure also correspondingly exceeded the revised estimates by Rs 4·70 lakhs. The starting of relief works on a large scale during the closing months of the year with a view to alleviate economic distress and unemployment in several parts of the State accounts for an increase of nearly Rs 1 lakh in expenditure. The payment of a sum of about Rs 1 lakh in excess of the budget provision for war contribution to make up the full cost of a Mine-Sweeper Trawler explains an increase of another Rs 1 lakh. I feel no hesitation whatsoever that the House will be proud and legitimately too, that, to our State at the Land's end of India, belong the privilege and the honour of having been the first and till now the only State, to contribute to the Allied Forces, a Trawler and Mine-Sweeper, H. M. I. S. *Travancore*, which has already begun to plough the blue waters in aid of the fight for mastery of peace and liberty over aggression and bondage.

4. On the receipt side, there was a fall in Land Revenue due to the grant of remissions, seasonal and non-seasonal, and in Excise revenue due to less consumption and the consequent fall in the duty on Jaffna tobacco. The volume of our foreign trade has been on the decline ever since the war broke out owing to lack of shipping facilities and this has adversely affected our Customs revenue especially under exports.

The working of the Transport Department was seriously handicapped by the rise in the price of petrol, oil, spare parts, etc., as a natural result of the war situation. As the working expenses of the department could not therefore be kept within the original expectations, the net receipts of the department have suffered a severe set-back.

The Ceramic Factory started manufacturing operations during the year, only on a limited scale with the result that the actual revenue realised fell short of the revised estimate. It is only now that large orders both for the raw material and for manufactured products have come in both from the War Supplies Department and elsewhere enabling the enterprise definitely to turn the corner.

5. These set-backs in revenue were counterbalanced by improvements under other heads, the more important of these being taxes on income. Salt and Forests. The improvement under Taxes on Income

was due to better receipts realised from the assessment of business concerns. Larger sales of salt and the larger demand for our timber and *ascu*-treated teak poles account for the improvement under Salt and Forests.

6. The net result of these variations in revenue and expenditure was a small revenue deficit of Rs 0·57 of a lakh against the surplus of Rs 2·68 lakhs anticipated.

REVISED ESTIMATES—1116.

7. This takes me on to the revised estimates for the current year. The budget for the year estimated for a revenue of Rs 285·40 lakhs and a revenue expenditure of Rs 276·73 lakhs leaving a margin of Rs 8·67 lakhs. On the basis of the actuals so far available, the revenue is expected to stand at Rs 273·09 lakhs and the revenue expenditure at Rs 267·61 lakhs. The year is thus expected to close with a net surplus of Rs 5·48 lakhs as against the anticipated surplus of Rs 8·67 lakhs. This is the combined effect of a diminution of Rs 12·31 lakhs in revenue set off by a reduction of Rs 9·12 lakhs in expenditure. The details of the variations under each head are explained in the Memorandum placed on the table along with the Budget Estimates for the ensuing year. I shall therefore make only a passing mention of the more outstanding variations.

8. The fall in revenue is mostly under Customs, Excise, Land Revenue and Stamps. The fall in the Customs revenue is, as the House is well aware, the inevitable consequence of the present war situation. Under Excise, the figures under Jaffna tobacco have not come up to the point reached last year, which accounts for the fall in Excise Revenue. The fall in Land Revenue is due to the maximum expected on account of the completion of the Survey of Minor Circuits having not been attained. Mention should also be made of the fact that the credit for a receipt of nearly Rs. 2·50 lakhs which we expected under Excise Duty on Matches has, due to the change in the accounting procedure adopted by the Government of India, been postponed to the next year. The improvement which the figures show under the commercial services is only apparent and is set off by a corresponding deterioration under interest. This is due to another accounting change designed mainly to present only the cash transactions of the commercial concerns in the budget. Details of the changes will be found described in the Budget Memorandum placed on the table. Out of the anticipated profit of Rs 2·14 lakhs on account of coinage, we expect to realise only Rs 0·14 of a lakh as the silver coins would be minted and put into circulation only next year. This fall in revenue has been partly set off by the increase under certain other heads such as Salt and Forests.

9. On the expenditure side, the budget forecast is expected to be exceeded under Sinking Funds on account of the additional provision

[Mr. R. Rama Varier.]

made for the amortisation of special loans, as also under Superannuation allowances and Stationery and Printing. The increase in expenditure under these items is expected to be more than counterbalanced by the anticipated savings under Administration of Justice, Police, Public Works, Army and Political Expenditure.

10. The set-back which our Customs revenue has sustained on account of the war is now too well-known to call for any special comment. In fact it was at one time thought that the position might even prove still worse. With a view to combating such a difficulty and at the same time preserving the equilibrium between the receipts and the expenditure, the progress of receipts and expenditure was carefully analysed and steps were taken to effect all possible economies in expenditure and to enhance and conserve the revenue. The imposition of a duty on the export of cardamom and palmyra fibre and the revision of the tariff rates on fish and lemongrass oil were the more important measures devised for the conservation of revenue. Although these by themselves were not expected to contribute any very substantial amount to the revenue of the State, they certainly had the effect of easing the situation to some extent and rendering the levy of the excess profits tax contemplated unnecessary. I may in this connection inform the House that these fiscal measures were adopted, because they do not really tend to increase the burden of taxation on the poorer or middle classes, but only on the well-to-do classes who could afford to meet this small incidence of additional taxation rendered necessary by abnormal conditions.

11. The State Railway which has for some time past been working at a loss has this year yielded a net return of Rs 1·4 lakhs. On the basis of this, a sum of Rs 1·5 lakhs has been included as railway receipts in the next year's budget.

12. On the expenditure side, stringent instructions have been issued to all the departments of Government for cutting down expenditure to the barest minimum. A maximum limit on travelling allowance for all officers was imposed and severe restrictions were placed in the matter of grant of leave, employment of substitutes and creation of temporary posts.

13. It has been thus found possible to still balance the budget and to show not an insignificant revenue surplus. Viewing the position as a whole and taking into account the fact that the anticipated credits under gain on coinage and Excise Duty on Matches have had to be postponed to the next year, the budget anticipation for the current year cannot be considered to be far short of the mark.

14. The House may be interested to be told that in the midst of the frowns of war abroad and economic distress nearer home and with the increasing possibilities of a shrinkage in revenue, the Government were not slow to consider proposals and measures for the amelioration of

the people. This year saw the inauguration of the Legislation calculated to relieve indebtedness. Relief works were started in Alleppey and the neighbouring places to combat unemployment and about half of the amount at the credit of the Distress Relief Fund was utilised in this direction. Thanks to your strenuous efforts, Sir, a market has been found for our cocoanut products. Reinforced with our own efforts it is not unlikely that many of our commodities as well as industrial products would find a welcome in other parts of India. Much impetus has been given to industrial activities and the prospecting of our mineral resources was conducted successfully with a view to starting a cement industry. Signs are also not wanting of the development of other industries through the Technological Department and other departments of the State. Nor have we been slack in our humble contributions this year also in aid of the success of the Allies in the fight for freedom and liberty. Two Spitfires at a cost of Rs 1·50 lakhs have been purchased and supplied by the Government this year for the use of the Allied Forces. More than all, the House will certainly be proud that in the zeal to stand shoulder to shoulder with the mighty Empire of which we are all members, we are in no way inferior to anyone. We have already supplied fighting forces to the Allies in the hape of our First and Second Infantry which have recently moved for war service.

15. Under capital expenditure, against a provision of Rs 55·47 lakhs, only an outlay of Rs 41·13 lakhs is anticipated as a result of the difficulty in obtaining materials from outside on account of the war. Even if things could be so obtained, the cost was so prohibitive that the purchases had to be postponed. This expenditure is also expected to be reduced further by Rs 6·61 lakhs as a portion of the outlay on the Water Supply Schemes at Alleppey and Shencottah has, according to the terms of the agreement with the Alleppey and Shencottah municipalities, to be treated as loans.

16. The Debt and Deposit head disbursements are expected to exceed the receipts by Rs 36·02 lakhs. The excess is mainly due to the policy followed by Government in keeping their idle money invested in short-term deposits. At the close of the year the amount so placed on short-term deposits is expected to amount to Rs 30·54 lakhs and this accounts for the anticipated excess of disbursements over receipts in the Debt section. Against a net addition of Rs 20 lakhs anticipated under Savings Bank deposits the increase now anticipated is only Rs 15 lakhs. Short-term deposits, and other cash investments of the year amounted to Rs 35·63 lakhs. The cumulative effect of these investments was a closing cash balance of Rs 44·28 lakhs. This is a balance which is sufficient to run the administration. It will be further reinforced at the beginning of the next year with the proceeds of the maturing investments to the extent of Rs 30·54 lakhs thus raising the cash balance to Rs 74·82 lakhs.

[Mr. R. Rama Varier.]

BUDGET ESTIMATES FOR 1117.

17. With these observations on the financial transactions of the current year, I shall now pass on to the Budget Estimates for the ensuing year. But before doing so, it is necessary to draw the attention of the House to the changes made in the arrangement and classification of the budget heads. These changes will be found detailed with the reasons therefor in the Memorandum. I shall therefore just refer to the more important changes as are essential for an intelligent understanding and discussion of the estimates placed for the consideration of the House. The major heads comprising the principal heads of revenue have been rearranged on the principle, as in British India that the head which, in normal times and under ordinary circumstances contributes the largest revenue to the Exchequer should come first, the others following in the order of precedence. The sale proceeds of Government lands which were hitherto being taken credit for as capital receipts will hereafter be shown as revenue receipts under a new group-head 'Extraordinary Items' for the obvious reason that sales of land are not a regular and recurrent feature of an administration and that the revenue position should not be clouded as a result of the income derived from such sales. The interest charges on the capital outlay on commercial concerns which were being debited to working expenses are now shown under the separate major head 'Interest on capital outlay on commercial services.'

18. The House will, I hope, appreciate that the preparation of an estimate with the certainty of a fall in the chief item of revenue, *viz.*, Customs and the primary need to provide for the increasing cost of a progressive administration, is indeed an unenviable task. After a full consideration of the *pros* and *cons* of the two ways of making up for the fall of revenue, *viz.*, enhancement of revenue by resort to additional taxation and reduction of expenditure by limiting it to the barest requirements, Government decided that rather than pinch the ryot with the burden of an additional tax, they would make the ends meet by a severe cut in expenditure, of course without detriment to the efficiency of administration. The fixing of a maximum limit of travelling allowance for touring officers, severe restrictions on the grant of leave and the appointment of substitutes in leave vacancies, the abolition of progressive scales of pay to temporary posts, the reduction of expenditure under office contingencies, the combination of appointments which could be amalgamated without prejudice to efficiency :—these are the more important of the retrenchment measures adopted by Government in furtherance of their policy to reduce expenditure on the administration, so as to avoid as far as possible the incidence of fresh taxation on the ryot.

19. The estimates for the ensuing year prepared in accordance with the aforesaid principles provide for a revenue receipt of Rs 280·73 lakhs and a programme of expenditure of Rs 279·23 lakhs, leaving a margin

of Rs 1·5 lakhs. The effective surplus may however be taken to be Rs 10·5 lakhs if account is taken of the reserve of Rs 7 lakhs for emergencies and Rs 2 lakhs for the Army. The details of the budgetary provision and the variations as compared with the revised estimates for the current year will be found explained in the Budget Memorandum and I shall try to take as little of the time of the House as possible by referring only to the more prominent and outstanding features of the next year's budget anticipations.

20. As might be naturally expected in the present paralysed state of our foreign trade in common with the rest of the world, a fall in our share of the customs revenue from the Cochin Harbour next year is inevitable. To compensate for the loss of customs revenue, Government propose to levy a cess on the rubber exported from the State, which is expected to bring in a revenue of about Rs 4 lakhs. The fall in customs revenue is also expected to be covered up by increase in revenue under other heads. The more prominent of such increases are those under Currency and Mint, receipts from Electrical schemes, Forests, State Transport scheme, Porcelain Factory, Excise and Land Revenue. There are also smaller increases of revenue under some of the other heads. The anticipated increase under Currency and Mint is the gain on the mintage of silver coins to the face value of Rs 14·50 lakhs which are expected to arrive early next year. The issue of these coins is in lieu of the coins minted prior to 1105 recently withdrawn from circulation. The anticipated increase in the net receipts from the Electrical schemes is based on the expectation of a greater demand for the sale of energy, especially from industrial concerns. The anticipated increase in the receipts from the Transport scheme may require a word of explanation in view of the revised estimate of revenue under that head for the current year being considerably lower than the budget anticipations. The fall in receipts during the current year is primarily due to the abnormal increase in the working expenses as a direct consequence of the rise in the price of petrol, spare parts, etc. The cost of propulsion constitutes nearly a third of the working expenses of the department and the scheme can be made to pay its full value only by reducing the cost of running the buses. Extensive use of alcohol, the manufacture of high speed diesel oil in the University Research Laboratory and the use of charcoal gas are the measures that are being tried to achieve this end. It has been found in practice, that the cost of driving a bus by the use of charcoal gas is only 3·5 pies per mile as against 21·5 pies per mile by means of pure petrol and 18·3 pies per mile by a mixture of petrol and alcohol. Four buses are already running on charcoal gas and more buses are being equipped for such operation. With the cost of propulsion thus reduced and with further extension of the route mileage covered by the scheme, we may reasonably budget for a net receipt of Rs 2·5 lakhs from the scheme for the next year. The increase in the net receipts from the Ceramic Works at Kundara is based on the contemplated increase in the productive capacity of the factory, for which provision is made in the next year's budget on the capital side. The

[Mr. R. Rama Varier.]

goods manufactured at the factory are reported to be of the finest quality by the experts of the Government of India and those of some of the biggest firms dealing in crockery, sanitary wares, etc. We have already secured large orders from the Government of India as well as from some of the leading Indian dealers. With such large orders and with an increased output, we may reasonably budget for a net receipt of Rs 1·80 lakhs from the factory for the next year. The fall in the revised estimate for the current year as compared with the budget estimate for the year is due to the factory having been able to start operations in full only during the course of the year. The increase of revenue under Excise is expected under Tobacco, while that under Land Revenue is on account of the Survey of Minor Circuits. I may also inform the House in this connection that arrangements are now in progress for the export of our surplus production of salt.

21. Since sending the budget to the Press, the Government have, in view of the paramount necessity to make up for the fall in our customs revenue and to provide for all emergencies at this juncture, decided to make a nominal increase in the duty on tea exported from the State. This decision has been arrived at after a full consideration of all the facts of the case. The tea industry in Travancore is in a prosperous condition and has not been hit by the war. The exports have also been steadily on the increase since 1109. The present rate of duty *viz.*, B. Re. 1-8-0 per 100 lbs. was fixed 25 years back. Since then, the duty on many agricultural products has been raised. But the duty on tea has remained the same all along. This circumstance along with the steady progress in the tea industry and the unabated price of the commodity would amply justify a substantial increase in the duty thereon. For the present, however, Government propose to increase the duty from Re. 1-8-0 to Rs. 2/—only per 100 lbs. which works out only to an increase of less than one pie per pound. It will also be remembered that the increase of duty on tea affects only the capitalists. The additional revenue expected from this source is about Rs 1·75 lakhs. When this is also taken into consideration, our effective revenue surplus at the close of the ensuing year will be over Rs 12 lakhs.

22. Turning to the expenditure side, the provision included in the budget for the next year is Rs 11·62 lakhs in excess of the revised estimate for the current year. This increase is but the natural development of a progressive administration. The more important of the increases are under General Administration, Education, Devaswoms, Currency and Mint and Army. The increase under General Administration is only apparent and represents the result of the transfer of Treasury control from the Land Revenue to the Finance Department and is offset by a corresponding reduction of expenditure in the former department. The Murajapam Ceremony which comes once in six years accounts for the increase under Devaswoms. Under Currency and Mint the increase represents the loss on minting, being the difference between the face value and the bullion value of the silver coins prior to 1105 recently withdrawn from circulation.

23. A reserve provision of Rs 9 lakhs has also been made in the next year's budget— Rs 2 lakhs under Army and Rs 7 lakhs under the new head 'Reserve with Government for emergencies.' I hope the necessity for this reserve will be readily conceded by the House when it is remembered that these are days when unforeseen and emergent situations may arise at any moment, which from political, military and other considerations, we cannot afford to ignore consistent with our own interests and our duty to His Majesty.

24. Before passing on to Capital Expenditure, I shall refer to some of the more salient features of the departmental activities calculated to ameliorate the condition of the people or to conserve the resources of Government, either by a reduction of expenditure or an enhancement of revenue.

LAND REVENUE AND INCOME TAX.

25. As a measure of economy and in view of a large portion of the duties assigned to the Land Revenue and Income Tax Commissioner when the post was created in 1921 having been since transferred to other departments from time to time, it has been decided to abolish that post. The Division Peishkars, the Deputy Commissioner of Income-tax and the Superintendent, Travancore Survey, will work directly under the orders of Government. Mention has already been made of the transfer of the control of Treasury from the Land Revenue Department to the Finance Department.

FORESTS.

26. The Development Department having been amalgamated with the Forest Department, the latter department is now devoting its attention to the *ascu* treatment of timber and the manufacture, on a commercial scale, of plywood. As there is a great demand now for plywood, Government have in contemplation the grant of a subsidy to the extent of Rs 2 lakhs to any Joint Stock concern that will come forward to take up the manufacture of plywood. Negotiations in this behalf are already in progress.

27. A five-year plan has been recently organised for the development of our forest resources. The first year's programme which is to be taken up next year comprises experimental artificial regeneration of beedi leaf plant, and soft wood such as elavu, mahogany and cheeni, cinchona cultivation, experiments on making defibrated boards from reeds, tentative working plans for teak plantations and sandal wood and for the supply of reeds and fuel to the Punalur Paper Mills and also experimental natural regeneration of evergreen plants. A scheme for the large scale production of honey from the forests has also been started about the middle of the current year. When in the fulness of time all these activities are completely developed, there is every reason to expect that they will help not only to augment the Government's income from their forests by tapping their hidden resources but will also provide employment to a large number of people.

[Mr. R. Rama Varier.]

ADMINISTRATION OF JUSTICE.

28. An examination of the present pendency of suits in the Law courts has brought home to Government the possibility of a reduction in the number of the existing temporary courts. Accordingly it is proposed to abolish two temporary Second Judges' courts, one at Trivandrum and the other at Quilon. The possibility of the abolition, in due course, of the remaining temporary courts also will be considered in the light of the effects of the Debt Relief Act on litigation.

Provision has also been made in the next year's budget for a more comprehensive issue of the authorised Law Reports on the model of the British Indian Law Reports. The reporting work is proposed to be assigned to a Committee consisting of an Editor, a Chief Reporter and another Reporter under the control of a Council, consisting of the Chief Justice as the President, a Judge of the High Court, the Advocate-General and a senior advocate as members.

POLICE.

29. The extra police force appointed in connection with the spread of subversive political activities in the State has been reduced in strength in view of the restoration of normal conditions. A part of the force is however being retained on account of the detachment of the First and Second Infantry of the State Forces and the probable detachment in the near future of the Third Infantry also, for war service, and also to cope with sudden emergencies that may arise.

EDUCATION.

30. Education being one of the primary duties of the State, a liberal provision of Rs 51·5 lakhs which is in excess of the revised estimates for the current year by Rs 1·69 lakhs, has been included in the next year's budget for the purpose. While speaking on the Education budget, the House would naturally expect me to say something about the development of the Travancore University. I must make special mention of the activities of the University in the direction of research.

Manufacture of Salt.—As a result of laboratory experiments conducted in the University Research Laboratory, it has been found that considerable improvements in the quality of salt could be effected without increasing the cost of production. Experiments have also been made on a large scale and the process is being adopted by the manufacturers.

Fuel Oil.—The possibility of producing high-speed diesel oil from the cheaper crude oil has been established as a result of the research work of the University. The House will appreciate that this is of much more than a purely academical interest, in view of its vital influence on our commercial schemes, especially the State Transport scheme. As the members are already aware, the ever increasing cost of propulsion consequent on the rise in the price of petrol as a result of the war

conditions is one of the serious obstacles to the working of the Transport scheme on a more profitable basis. The use of this oil will go a great way to bring down the cost of propulsion, thereby tending to make the scheme more profitable.

Shark-liver Oil.—The Nutrition Research Laboratories at Coonoor have, after an examination of the samples of the shark-liver oil produced by the Marine Department of the University, certified that the oil produced here is more than three times as effective as the best cod-liver oil available in the market. The oil is being produced and sold on a commercial scale.

These are but a few of the various research activities on which the University is engaged and we can hope that ere long the University will more than justify the object with which it was organised.

Agricultural Department.

31. Besides the normal expansion of the Department, a scheme for the improvement of paddy in the State financed by the Imperial Council of Agricultural Research was started during the current year. Two paddy breeding stations have been opened, one at Monkompu and the other near Adoor, for conducting necessary investigations. The inadequate production of paddy in the State has always been a serious problem to the ryots and to the Government. With a view to investigate the possibilities of increasing the production so as to meet the local demand, a Special Officer has been appointed to consider how far it would be possible to increase the area under paddy cultivation by the pumping of water from the Periyar with the help of electric power from Pallivasal. When the scheme is actually put into operation it is expected that about 25,000 acres of single crop paddy lands in the taluks of Kunnathunad, Muvattupuzha and Parur could be converted into double crop lands and some dry lands converted into wet. Even at a modest estimate it would then be possible to produce an additional quantity of 25 lakhs of paras of paddy. Government have also sanctioned proposals for deepening and renovating the existing tanks, providing new tanks and supplementing the supply of water in the Pachipara Reservoir in order to enhance the output of paddy in Nanjinad.

Industries.

32. *Scheme for jaggery refining.*—About 16,000 tons of palmyra jaggery valued at about Rs 13½ lakhs are being produced in the country every year on small cottage industry basis; but the industry is languishing since it is being carried on in the most primitive and antiquated way without taking advantage of modern improved methods. A scheme for the demonstration of the manufacture of refined jaggery and for the training of the persons now engaged in producing crude jaggery is under consideration.

[Mr. R. Rama Varier.]

Marketing of hand-loom products.—The hand-loom weaving industry is passing through great difficulties, mostly on account of the, disability in marketing the goods. There are also many handicaps under which the weavers suffer on account of lack of financial resources In order to study the conditions of marketing and suggest methods calculated to bring about a more favourable sale of the wares, based on a knowledge of the conditions obtaining both in the industry and in the market, an Officer was appointed, who visited the most important producing and consuming centres, surveyed the possibilities of the industry and of the marketing and submitted a report of his investigations. The report is at present under the consideration of Government. The abnormal rise in the price of yarn consequent on its export from the State through the agency of profiteering middlemen has been found to be one of the most serious obstacles to the development of hand-loom weaving industry in the State. With a view to adopt a scheme of price control based on the prevailing mill rates, Government propose to prevent the export of yarn from the State until the restoration of normal conditions in the local and foreign markets.

UPLIFT OF BACKWARD COMMUNITIES.

33. In consonance with the policy of Government, an increased provision has been made in the next year's budget for the Uplift of Backward Communities and steps have been taken to carry out more intensive amelioration among the backward classes.

MEDICAL.

34. The terrible effects of tuberculosis on the health of the people have become a matter of very serious concern to the Government. A Tuberculosis Hospital is now under construction and is proposed to be opened in Thulam 1117 with an accommodation, for the present, for 50 patients, at Nagercoil, which has a very salubrious climate specially suited for the treatment of this disease.

CAPITAL EXPENDITURE.

35. I shall now pass on to capital expenditure. A sum of Rs 44·20 lakhs has been included under this head in the budget estimates for the next year. Apart from the necessity for minimising expenditure in general, the anticipations have been pitched a little low because these works are expected to make only slower progress than in previous years on account of the difficulty in getting materials and machinery from abroad. Details of the works will be found explained in the Budget Memorandum. I shall just refer to the salient features of the more important works.

COMMERCIAL TRANSPORT.

36. The budget provision for this scheme for the next year is Rs 0·92 of a lakh which will raise the total capital outlay thereon to Rs 12·08

lakhs at the end of next year. I have already explained to the House how, with the use of charcoal gas for propelling the buses and with the opening of more lines next year, the scheme is expected to bring in substantial receipts.

CLAY REFINING AND PORCELAIN FACTORY.

37. With a provision of Rs 1·34 lakhs for Ceramic works in the budget for the ensuing year, the total capital expenditure on the Factory as at the end of next year would be Rs 11·06 lakhs. The proposal to increase the productive capacity of the Factory with a view to enable the large orders already in hand being satisfactorily met, has already been adverted to. When the Factory is working in full swing, it is expected to yield a good profit.

TOWN IMPROVEMENT SCHEMES.

38. The construction of the buildings opposite to the Government Museum for accommodating Public Offices has been completed during the year. The buildings have already been occupied and as a result there is a saving of over Rs 10,000 per year under rents on buildings hired for Public Offices.

A provision of Rs 1·53 lakhs has been included in the next year's budget for further improvements.

WATER SUPPLY SCHEMES.

39. This includes works for the supply of good drinking water to Shencottah, Nagercoil, Kuttanad, Sherthallai, Muttam, Kottayam, Kumarakam and Bhoothapandy as also for the extension of the existing Water-Supply at Trivandrum and Alleppey. As the members are well aware, the Alleppey Water Works have just been completed and water begun to be supplied. There remain only a few minor items of work for which provision has been made in the next year's budget. The water supply schemes for Shencottah and Nagercoil are nearing completion and it is hoped that before the close of the next year these two places will also be served with good drinking water. The other works are proposed to be taken up next year.

The maintenance of the Alleppey and Shencottah Water Works has to be undertaken by the Municipalities of those places in accordance with the agreement entered into between the Municipalities and Government.

TRIVANDRUM ELECTRIC SUPPLY.

40. The capital expenditure on this undertaking at the end of the current year is expected to stand at Rs 11·38 lakhs. There has been satisfactory progress both in generation and revenue during the

[Mr. R. Rama Varier.]

year. The current year's receipts are expected to be Rs 2·96 lakhs as against Rs 2·43 lakhs during 1115. This increase is mainly due to the increase in the number of private consumers and the re-starting of the Rubber Factory. The receipts for the next year are estimated at Rs 3·08 lakhs and the working expenses at Rs 2·02 lakhs.

A programme of capital works involving an outlay of Rs 50,000 is included in the next year's budget, primarily for the extension of supply to the various parts of the City in order to cater to the needs of the increasing number of consumers.

PALLIVASAL HYDRO-ELECTRIC SCHEME.

41. The capital expenditure on the scheme at the end of the current year is expected to be Rs 152·96 lakhs and that at the end of the next year to be Rs 178·83 lakhs. There is an increase in demand for the supply of energy especially for industrial and agricultural purposes. The working of the scheme is expected to bring in a net receipt of over Rs 6 lakhs for the next year as against Rs 1·92 lakhs this year. A large portion of the work for the extension of supply to the Kuttanad Punja fields has been completed. But only a restricted area has been actually brought under supply on account of the shortage of equipment. It is hoped the works would be completed before the close of the next year. The House has already been told about the possibilities of increasing the production of paddy in the State by means of lift irrigation scheme in the Kunnathunad taluk.

The next year's programme of works under the Pallivasal Hydro-Electric Scheme includes the installation of transformers and switch gears at Pallivasal and Alwaye for the supply of energy to the Aluminium Production Company. With the working of the Factory in full swing and with the increasing demand for energy and the contemplated bulk sale of energy to certain licensees, the Pallivasal Hydro-Electric Scheme is sure to yield a substantial revenue to Government. It is hoped that the proposed sale of energy to the Cochin Government will also increase our revenue from this scheme considerably.

TRUNK TELEPHONE SCHEME.

42. Early this year the Trivandrum Telephone Exchange which was till then treated as a separate unit in itself was merged with the Travancore Trunk Telephone system. The capital expenditure on the Trunk Telephone system at the end of the current year is expected to stand at Rs 11·00 lakhs and that at the end of next year at Rs 13·00 lakhs. There are at present 4 exchanges and 26 public call offices besides 560 services in the Telephone System and it is expected that there will be an addition of at least 140 subscribers during the next year. The

revenue during the current year from the Telephone system is estimated at Rs. 1 lakh and that for the next year at Rs 1·40 lakhs. A provision of Rs 2·00 lakhs has been made for capital works under the scheme.

43. I shall now pass on to review our debt position and explain our ways and means.

Debt Position.

44. The five per cent. Debenture Loan of Rs 14·75 lakhs raised in 1091 matures for discharge on the first day of the next year and it is proposed to repay the same on the due date from the cash balance without recourse to the sale of the securities held in the Sinking Fund investment account. Our debt position at the close of 1117 would stand at Rs 531·65 lakhs consisting of (i) Public loan of Rs. 50·89 lakhs, (ii) Special loan of Rs 79·76 lakhs and (iii) balances at the credit of Provident Funds Insurance Funds, Savings Bank deposits, etc , Rs 401 lakhs. When our Sinking Funds, cash balances, the investments of Government in gilt-edged securities and bullion and the loans advanced by Government to agriculturists, industrialists etc., are taken into account, the debt burden is very small and is more than covered up by our assets and investments on reproductive works.

Ways and Means.

45. Our requirements for the next year for capital works (44·20), for loans, (5·44), and for discharge of the 5 per cent. Debenture Loan of 1091 (14·75) aggregate to Rs 64·39 lakhs. To meet this expenditure there is an opening balance of Rs 44·28 lakhs. A sum of Rs 4·66 lakhs is expected from repayment of loans and advances. There is also a credit of Rs 14·75 lakhs in the Sinking Fund account of the loan to be credited to General Reserve at the beginning of the next year. It has already been stated that our short-term deposits of Rs 30·54 lakhs made during the current year will also mature for realisation early next year. It is expected, that after meeting all the proposed expenditure, there will still be a comfortable closing balance of Rs 65·02 lakhs which would be more than sufficient to cover the ordinary demands of Government. It is accordingly not necessary either to sell the securities held under Revenue Reserve Fund or General Reserve Fund or resort to any additional taxation or borrowing. On the other hand, a debt of Rs 14·75 lakhs would stand discharged. Besides actual cash of Rs 65·02 lakhs, securities and bullion worth nearly Rs 2 crores are expected to stand at the credit of Government and on the whole, the year would close with a financial position as strong as ever before.

Conclusion.

46. Sir, I have been attempting to present to the House a true picture of the finances of the State and to bring home to the Honourable Members some of the outstanding features of the financial

[Mr. R. Rama Varier.]

position and policy of the Government. Our revenue has never been static or inelastic, nor our expenditure on matters of public utility, meagre or stinted. The international situation has had its serious repercussions on our finances. It has, no doubt, severely hit us in our main source of revenue. But the gap created in our customs revenue has been more than filled up, not by a corresponding increase in the burden of taxation, but by tapping new sources of income and exploring the hidden natural resources of the State. Sir, the policy of industrialisation and intensive agriculture as two parallel activities of paramount importance, vigorously pursued by you as the Head of the Administration has gone a great way to give us new sources of revenue and to promote the economic well being of the people. You found that the country is not lacking in natural resources or potentialities and you lost no time in taking the necessary measures to improve our production and resources. The magic effect of your avowed policy of industrialisation can be described no better than in the words of the eminent Indian Journalist who said "Thanks to the unsparing labours of a brilliant Dewan in the person of Sir C. P. Ramaswami Aiyar, the liberal sympathies of a young Maharaja and the guiding spirit of an illustrious Queen Mother, the State has, of late, been progressing by leaps and bounds in many directions of a well planned economy." Our revenue may not reach the peak-point it is anticipated to reach in 1116. But it is nevertheless higher than that of 1115; and if the effect of a double credit from customs revenue included in 1116 be eliminated the revenue budgeted is really Rs. 24·86 lakhs higher and reaches the highest water-mark so far reached. With the development of the Electricity scheme and our commercial services, it may be possible for us to touch Rs 3 crores ere long. The debt obligations of the State will be considerably lightened by the discharge next year of the 5 per cent loan of 1091. There would remain only the 3½ per cent loan of B. Rs 50 lakhs which has a Sinking Fund for its amortisation and a special loan, the major portion of which is secured by assets and which has also now been funded. Our closing balance is more than enough for our purposes. What better proof is required, if proof were required, of the financial strength and stability of the State than that despite the adverse effects of the war on our finances, it has been possible for us to make provision on a liberal scale, for all new and nation-building services and all amenities of life and yet leave an effective revenue surplus of Rs 10·5 lakhs.

47. I shall, with the leave of the House, conclude in the words of Sir Alexander Roger, Head of the British Ministry of Supply Mission to India, who in the course of his recent visit to the State said "Travancore has before her great possibilities for industrial expansion, and I have no doubt that in a few years under the present administration the country will see very rapid progress in every branch of industry."

PRESIDENT : Fellow-Members of the Travancore Legislature,

Under the provisions of Rule 68 of the Travancore Legislative Rules it is now my privilege, as it is my duty, to make a statement on the Budget that has been laid before the assembled session of the two Houses of the Travancore Legislature. But, before I proceed with my main task, it is, I think, incumbent on me to discharge a most pleasing duty, that of welcoming on your behalf, as certainly on my own, to the sitting of this joint session the Political Adviser of His Excellency the Crown Representative as well as the Resident for the Madras States, who are both here to witness the results of the financial policy and the financia working of the State. In according that warm welcome I do not think I shall be misunderstood if I quote the words which were incorporated in that memorable report of Mr. Montague and Lord Chelmsford, words which related to Indian administration as a whole. In a great passage, memorable alike for its literary quality and its political sagacity, the illustrious authors observe, quoting a Persian proverb—"Dilhi dur ast" (Delhi is very far away). What was meant by that phrase was that the problems in various parts of India, although they may be imminent and urgent, are not always perceived in Delhi in proper perspective for the simple reason of geographical distance and lack of physical and psychological proximity. It is therefore all to the good that representatives who are helping to guide the destinies of this vast sub-continent are from time to time kept in touch with the needs, the aspirations and the requirements of this the most distant part of the country.

I am making these observations also with another object and from another point of view. What has been the result disclosed by the estimates and the Budget presented to this joint session? We hope to budget for a revenue of Rs. 280 lakhs which, taken with the anticipated earnings from the tea duty and the reserve of seven lakhs, will be a very considerable sum indeed. The surplus, as has been pointed out by the Financial Secretary in a speech whose clarity and comprehensiveness I must pay a tribute to, is substantial. But it will not merely do to think of that. With reference to what I said about Delhi, "Dilhi dur ast," may I take a liberty and embark on the task of comparing these figures with some other figures. In Baroda the income is Rs. 255·13 lakhs and the expenditure Rs. 249·65 lakhs, and the population is three millions. Our population according to the most recent census is 6,070,790, and the literates amongst them are 2,894,000, the percentage of literacy amongst the males being 59% and amongst the females being 37%. We are thus in the proud and pre-eminent position of being more literary—and all that

[President.]

it means—than any other State or any other Province or any other part of India. In Gwalior the income is Rs. 247 lakhs and the expenditure Rs. 239 lakhs, while the population is four millions. In Kashmir the income is Rs. 255 lakhs and the expenditure is about that figure; and the population is about four millions. In Mysore, a country which is four times the size of Travancore, the population is 7·18 millions and the revenue is about 4½ crores of rupees. It is in the hope and expectation that these figures and their implications will also be remembered elsewhere that I make these figures available to the honourable members of the Legislature. To summarise, it may be said without fear of contradiction that, from the point of view of population, from the point of revenue, we yield to no State in India excepting Hyderabad and Mysore, and from the point of view of progressive administration or of literacy which is one of the by-products, as generally understood, of progressive administration we yield to no State and no Province. I leave the matter at that and will not draw any further inference or make any appeals.

The Budget Session is a period of stock-taking and of taking counsel and decisions as to the future. I am shortly about to finish five years of my tenure of office as Dewan under His Highness. The five years will exactly terminate in October next. It may be as well, therefore, to consider the position as it has evolved from year to year. In the year 1113, the revenue was Rs. 249 lakhs and the expenditure Rs. 251 lakhs. In the next year, the revenue was Rs. 253 lakhs and the expenditure Rs. 255 lakhs. In the next year, the revenue was Rs. 267 lakhs and the expenditure Rs. 268 lakhs. So, during these years we had progressed steadily, continuously, unremittingly, from strength to strength in the matter of finance as well as in the matter of expenditure on ameliorative services. At the same time we have, we trust, not been unmindful of the needs and the tribulations of the farmer and the peasant. The land revenue remissions were as follows :—

Year.		*Amount.*
		Rs.
1111	...	3,50,000
1112	...	50 000
1113	...	1,30,000
1114	...	4,82,000
1115	...	about 2 lakhs.

These are the remissions that we have made to relieve the distress of the agriculturists.

As has been pointed out, the revised estimate for 1116 is 273 lakhs as against the budget estimate of Rs. 285 lakhs. Having noted this, we must see to it that we plan wisely and with forethought for the future.

The first point that emerges for consideration is the international situation in so far as it makes direct demands upon us and in so far also as that international situation has serious impacts upon us. This is not the occasion, nor shall I be discharging my duty correctly, if I dilate at length upon the meaning and significance of the struggle that is now waged practically all over the world. But let me say that His Highness, true to the traditions of his illustrious House which during a century and a half has stood by the side of Great Britain as a staunch ally and a faithful friend, has indubitably and unequivocally demonstrated in practice and expressed in words his views on the present position and his ideas as to the discharge of a duty which he, as an illustrious member of the Princely Order, feels himself bound to fulfil. The struggle that is now taking place is not merely a struggle of armaments; it is not merely a matching of hostile forces. The struggle is between two ideals, two systems of thought, one standing for the policy of tolerance and freedom, of live and let live, the other standing for the negation of these attributes. I have been in my political days a fairly strong critic of certain policies of the British Government in India. But the most fierce critic, the most implacable opponent of such policies, cannot but admit, if only he were to pause and reflect for a moment, that in no other part of this wide world are the limits of criticism, the limits of free discussion, the limit of freedom to express oneself in life and deed and spoken word as wide and extensive as they are under the aegis of His Majesty's Empire. Realising that, the people of India have as one man felt with Great Britain in this great struggle. I say so with deliberation because with the exception of some political idealogists, all in India deem it necessary to give support to the cause, and even in the case of such exceptions it is what may be called a personal or political complex or inhibition that stands in the way. It would be correct to say that nobody in India fails to realise the meaning and significance of what is taking place around us and also to come to a conclusion as to which side he or she should be. With that consciousness, the first point to be borne in mind is what provision should be made in the Budget in order to range ourselves practically and effectively on the side of those who are now fighting the great fight. It has already been brought to the notice of the honourable members assembled here that His Highness' great gift of six and a half lakhs for the purpose of a

[President.]

mine-sweeper and trawler has recently fructified and H. M. I. S. "*Travancore*" has been launched. If I may say so, it was a wise decision that was taken by His Highness—and I say so without presumptuousness—a wise decision for the reason that in India to-day there is no indigenous navy capable of protecting and defending the vast coast line of India. We, as a maritime State stand in special need of, as we are grateful for, the protecting might and prowess of Great Britain; but self-help is also essential. From that point of view, His Highness decided that this war gift should take the shape of a mine-sweeper and trawler which should protect all the coasts and especially the west coast of India. It is a gratifying feature that the example of His Highness has been followed by others. We shall probably have soon a fairly adequate navy though not the strong navy which we would have had if the present ideas had emerged 10 or 15 or 30 years ago.

We have also contributed towards the fleet of fighter planes. Under the command of His Highness, I am able to announce to-day that it is proposed to allot from the surplus of the current year's budget a sum of 3 lakhs towards war effort. I am sure this will be welcomed by every one assembled in this house. The war has meant a great deal to the world at large. But I can assert with some confidence that excepting the centres of war like England or the Near East, there is perhaps no part of the farflung British Empire where the impacts or the disastrous consequences of the war are more evident than in the State of Travancore. This is not often remembered but it is worth recollecting and keeping in mind. Let me elucidate the position. Unlike many Provinces and many Indian States, we do not depend for our income upon land revenue or upon any similar items concentrated in land revenue. We depend, and have depended for many decades, upon our customs and our excise. We restricted, in a period of commercial peace, in a period of world tranquillity, the area of food production and increased the area under commercial crops, with the result that vast tracts in this country are thrown open for the cultivation of tea, rubber, cardamom, pepper and ginger. Competition from elsewhere was a great and disturbing factor even before this war. It is not now my function nor is it my intention to make more than a passing reference, to Ceylon's programme of shutting out imports into Ceylon by very heavy and discriminatory duties levied against us and at the same time, of dumping their cocoanut products upon us, so that Travancore could not sell her cocoanut products in India at an economic price. That is bad enough. To-day our exports are dwindling. Our exports of cocoanut products and coir products

were mainly to France, Italy, Germany, the United Kingdom and the United States. Now we cannot send these products to many of those places and but for the great sympathy of that discerning statesman who guides the destinies of this country, Lord Linlithgow, and the discriminating and friendly activities of the Supply Department, we should have been nowhere. Two hundred thousand people were threatened with unemployment and starvation and but for the directions issued by His Excellency Lord Linlithgow and the orders placed by the Supply Department we should have been in a very bad way.

That is not all. Thanks to the policy to which I have already made reference, we, who have been restricting our food production, began to rely for our food supplies upon Burma and Siam. There is now much restriction in the matter of getting rice from those countries, and profiteering is taking place. At one time during the current year it was found necessary for the Government to buy rice and stock the same so that our stocks may hang as a Damocles' sword over the heads of those who were profiteering in rice. We are doing the same thing this year. We have made large purchases of rice and stocked it. If it is found that the tendency of the merchants to increase their hoards and decrease their sales persists, all the powers vested in Government under the Defence of Travancore Rules will be used. I may assure all concerned that we have ample powers. Not only that. We have entered into contracts for purchasing large stocks of rice so as to store it and sell it if the merchants follow a short-sighted policy.

Again in regard to yarn, persons have been following a policy of battledore and shuttlecock in exporting yarn from here. Much of the yarn that is brought over here is being exported so that the weavers in this State have not got enough yarn. Government will arm themselves with sufficient power to prevent a similar profiteering by middlemen as in the case of rice. I am mentioning this for the purpose of showing that Travancore is in a perilous position so far as her main items of activity are concerned. Export and import on which Travancore mainly relies for sustenance—not for profit so much as for sustenance—these are greatly threatened. It would perhaps be selfish and short-sighted to lay too much emphasis on these items at a time when the world is passing through a period of crisis and tribulation. But it is part of human nature to be a little more cognisant of our own tribulations and sufferings than those of our neighbours. I believe I shall be pardoned if I bring this to the notice of the honourable members of this house and of those whom we have the honour to welcome to-day. The present crisis makes it necessary for us also to plan

[President.]

for the creation of our own mercantile shipping so that we may no longer be at the mercy of private competition and profiteering.

In addition to the two units of the State Forces which have been sent for service outside the State, facilities were afforded for raising a General Purposes Transport Company. We have also agreed to the training of mechanics and technicians for the Indian Army in our Engineering College. There has been complete co-ordination of effort headed by His Highness and loyally helped by his subjects.

At this juncture I may utter a word of complaint. When I was last in Delhi, I found that there was great demand for various things which Travancore could produce abundantly and cheaply. But Government, as a marketing organisation, as a salesmanship organisation or as a bargainer, is necessarily ineffective and dilatory. Therefore it was that, on my return from Delhi, I made some suggestions and requests to the industrialists and capitalists in this land. We are not a land of great capitalists. We are not a land of many wealthy men. We are a land of the middle-class and the lower middle-class. But nevertheless, the best, the most important amongst the capitalists were besought and entreated to organise themselves into a War Supplies Syndicate keeping an eye on the demands that emanate from Delhi and so co-ordinate and correlate the resources of this country that they might supply the empire needs as well as make a legitimate profit for themselves. A certain amount of work has been done by the War Supplies Committee. But they have not established a liaison officer at Delhi in order to apprise them of the needs of the situation. They have not worked with that vim and with that impetus which a co-ordinated body of businessmen and capitalists of the State may be expected to evince at this critical juncture of the world's history and the State's history. I am not saying this in a spirit of reproach because those business habits and technique are the prerogative of a few privileged individuals and not of everyone. Further, there are not many amongst the people here who possess or deal in large sums of money or who are aware of the methods of big business. But at the same time I do hope and pray that this opportunity may be taken by the people here who may organise themselves for an effort which would be useful to the Empire and finally useful to the people themselves.

There are a few more items I may mention. To-day there is an advertisement from Delhi for arrowroot which is wanted for various purposes. Any amount of it could be had. We can produce the arrowroot and we do produce it. But no tender has gone from

here. To-day mango is needed for jam. You know that South Travancore produces a lot of mangoes. I made enquiries about that. What is the result of this? We have no statistics of the number of mango trees; no statistics of the production of the trees. We cannot gather that information. Without that, how are we to supply the data on that subject? That is a reproach which ought to be wiped away from Travancore. Moreover, to-day, there is an advertisement in regard to cocoanut shell charcoal which America now wants. We supplied England with this commodity. Thanks to the research of our University, thanks to the collaboration of the industrialists here, we were able to supply cocoanut shell charcoal which was used for gas masks in England in very large quantities. But Government cannot and should not continue to do this indefinitely and stand in the way of private enterprise. The Government of India would not naturally embark initially on that business unless they had the guarantee of the Travancore Government and therefore the Travancore Government acted as a surety for the collection, manufacture and supply of the commodity. One year has elapsed. But now Government have come to the conclusion that this work must be left to private enterprise. Those who have had this practice and acquired experience in this line within the past one year can come together for this purpose.

There is one other matter which it is my duty to mention. Quite recently an embargo was laid upon the import of cashewnut from East Africa. Cashewnut, it so chances, is very much prized in America. On account of this embargo on cashewnut import, it looked very much that three weeks ago about a hundred thousand would be thrown out of employment and this matter was brought to the notice of the Government. My friend Sir Ramaswami Mudaliar, Commerce Member, was approached in this matter and thanks to the sympathy and the kindness of the Government of India and the Political Department and the Commerce Member, I am glad to announce that the embargo is reported to have been lifted so that the cashewnut industry has got over one of its major crises.

I have made a rough calculation of what may be called our war supplies in the year 1940. Burnt cocoanut shell we supplied about 16 thousand tons valued at over Rs. 13 lakhs. We have supplied coir goods for about Rs. 21 lakhs and have undertaken supply of camouflage nets, timber and wood works of considerable value. In regard to foodstuffs though not as much as I should like, something has been done. In regard to cotton baniyans, mosquito nets, rubber goods of various description, orders are pending execution. As for the supply of ceramic goods of various description, very large orders are pending from the Government of India; and the

[President.]

great industrial centres in this State and industrial concerns like the Harrisons & Crosfield and the Pierce Leslie have borne their part in abundance. I am glad to be able to announce to this House that for fabricated steel works mainly for buttings, moulds and other similar articles, construction of building works for the Defence Department, nearly Rs. 23·5 lakhs are being spent. I may also inform the House that works of this description have been attempted by the engineering works, both under Government auspices and under private auspices. We have a representative of Travancore in the Provincial War Advisory Committee and I know it is doing very valuable work. The Government P. W. D. Workshops are taking a prominent part in supplying wood works of a complicated character while helping the ordinary suppliers by making samples of required articles. Altogether it may be said that although there has not been the desired extent of co-ordinated activity in this direction, we have done our bit in the matter of war supplies. We offer to do more. The Transport Department offered to build and supply bodies for lorries for use in the war. It was found that the transport freight was too costly and our offer was not accepted. But I trust that the matter will be reconsidered. Now these are what may be called our war efforts.

But it is not only the great catastrophe of war but other and minor catastrophies are confronting us. Quite recently, there was a cyclone from which the northern-most parts of Travancore have suffered very seriously. I am told that in some parts of the country most of the fruit bearing cocoanut, mango and other trees have been blown down by the cyclone. I am informed also that many dwelling houses have been destroyed and an exact account of the damage has not yet been forthcoming. But the damage is reported to be serious and distressing. In the interim period between the ready help which was given by the Government of India and the slump so far as coir and cocoanut products were concerned, there was tremendous distress caused throughout the country. In the matter of coir workers, the problem is still confronting Government and has not been fully solved. The general economic depression has also affected this State. It is because of these considerations, namely, the possibilities of emergencies of a vast character in all spheres, the problem of cyclone relief, the problem of the coir workers and other cottage industries, the problem of the general economic slump that Government came to the conclusion that they must have at least Rs. 10 lakhs in their hands as a kind of reserve to be dealt with as the emergency dictated. The Government of Travancore are awaiting reports by local officers and it is my intention to visit the locality personally.

We have certain consolatory circumstances during the whole of this year. Fortunately we have been free from what may be called intense embarrassing political agitation. It threatened at one time to dislocate the ordinary machinery of the State and was the cause of much anxiety to His Highness' Government. But we have been through that period and have emerged successfully. There is not much chance of a recrudescence although even yesterday I noticed a speech in which it is stated that a certain political association has been nurtured on the blood of the poor people of Travancore. One T. K. Varghese Vaidyan made this speech three days ago. Notwithstanding this invocation of blood and such constant repetition of the outworn slogans advocated by hysteric and moribund political parties we came to the conclusion that we can proceed during the coming years on the basis that we shall have a period of political tranquillity. I may now and here pay a tribute to the political sagacity of the people of Travancore and their representatives and to their appreciation of the relative values. They have stood for the things that mattered and have not allowed their energies to be frittered away in vain pursuits. We have been also singularly free, and we know and confidently trust that we shall be free, from these communal conflicts which have disfigured many parts of India and created problems that were baffling to administrators elsewhere. The relations of various communities here—Hindu, Christian or Moslem—are all of the friendliest description, so friendly that up to this moment the word 'Pakistan' has never been spoken here on this side of the Ghats. We may for the next year proceed on the basis that there are likely to be no communal troubles and that there is no political activity of a subversive character to be faced. The only two problems that confront us are, the war situation and the economic problem. Now, I do not mean for a moment that there are no legitimate aspirations of the people that have to be dealt with and have to be faced with sympathy and with that solicitude which His Highness has always displayed. Already very good effects are apparent from that policy of associating in various Committees representatives of the Legislature and of the country at large in the day to day administration of some important departments. In certain departments as for example the P. W. D., and the Public Service, the work of these Committees has been praiseworthy and of the greatest possible assistance. There are many ways in which all this kind of collaboration and co-ordination may be enhanced, supplemented and augmented. So far as Indian States are concerned, I have held and do hold the view that it is not possible to introduce in Indian States responsible Government in the sense that the Executive is removable by the vote and at the will of the Legislature. I have

[President]

made my position perfectly clear and I adhere to that position still. Responsible Government in the sense that the Executive is removable by the Legislature is in essence incompatible with the relations which subsist between the Paramount Power and the States and the policies and actions that result from such relations. But nevertheless there are several ways in which the force of public opinion could be brought into operation upon Governments; and the Travancore Government under the stimulus and inspiration of a very great Ruler whose love for his people and whose sagacity and statesmanship are universally acknowledged will never be behindhand in associating the people of the State in all legitimate activities in the matter of advice and effective co-operation in the daily task of administration. And the Government are engaged in thinking over and discussing plans for that purpose.

With these ideas in our minds and in the face of such a situation, we have to procure enough money for our progressive services, nation-building services and to keep a reserve of at least Rs. 10 lakhs for emergencies. We have come to the conclusion that there should be no taxation which will impinge upon or affect prejudicially the labouring classes and the lower middle class. There is no increase in income tax or in super-tax contemplated; and it is my hope that none need be imposed for the next two or three years. It must also be remembered in passing that our rate of income-tax is lower than the British Indian rates. They are now three-fifths of the British Indian rate. But there is no proposal to enhance it. There is no intention of cutting down salaries and I do not think that the salaries here are excessive. I personally do not believe in the theory of the maximum salary of Rs. 500 and the minimum of Rs. 100. Generally speaking our salaries are not too high for the service that is demanded and that is being faithfully and generally efficiently rendered. It must be remembered that these salaries will have to be earned by hard work, honest work and in order to ensure that honest and hard work, Government, during last year, have made very stringent rules and regulations so as to make it clear to every officer that no increment is his due as a matter of right, that every year his work will be appraised, judged and re-examined before any increment is sanctioned and that no one who has merely marked time would obtain preferment. But in making this very stringent demand upon the public service, it is up to the Government not to create discontent among them and it would be well not to start discussion about the cutting down of salaries or pensions and not to make their future a dark and dismal one. Our idea, therefore, is that more or less on the present scale of salaries we should get our work done in the best possible manner.

In order to procure the necessary revenue and to make for the anticipated shortfalls we have to turn our attention to cardamom rubber and tea.

At the risk of tiring this house I must point out the exact position in regard to cardamom. Cardamom plantations in the State were opened up by outsiders, *i. e.*, non-Travancoreans. I, for one, do not agree with those who take the view that they should be victimised or that it ought to be made specially difficult for them to continue their work here. Government announced some time ago the policy that no cardamom lands would be given to other than Travancoreans. But the moment Travancoreans got the lands many of them immediately transferred them to non-Travancoreans. This is to frustrate the policy of Government. Exactly the same thing has happened in regard to many industrial concerns. Very recently we made a rule that certain shares in a salt concern should be given over to Travancoreans. The shares were taken over by Travancoreans, but within a few weeks of their getting the shares they were immediately transferred to non-Travancoreans. The result is that many paying industries which Government wanted to be retained in the hands of Travancoreans are now in the hands of non-Travancoreans. Such Travancore citizens are doing grave disservice to their country. The decision of Government has been therefore not to deal too stringently with the cardamom planters. But we found that these planters transferred their particular quantity of cardamom over the Ghats to Cumbom or Bodinaickanur and the middle-men from Bombay or North India came there and purchased the cardamom. They paid income-tax, sales tax, and excess profits tax, to British India. We never got anything by way of income-tax or any other form of tax from the cardamom producers in the State and that tax was paid just over the border. Therefore I made a proposition definitely to the cardamom planters that if and when they establish a marketing organisation in the State, the Government would help them by paying a portion of their expenses of starting that marketing organisation, but that if they would continue their policy of selling all the cardamom outside the State an export duty on cardamom would be levied and it has now been levied. My original offer still stands and I repeat that offer again publicly now.

In the case of tea and rubber the position stands thus:—"......................The Central Travancore Rubber Company has declared an interim dividend of 24 per cent. for the year on the 10 per cent. preference stock." As regards Travancore tea, "One has to go back"—I am reading from Financial Journals in England and Scotland—"to 1928 to find a gross profit better than that of £35,789 now announced." Travancore tea earnings have shown a good deal of fluctuations over the past few years, and in the last three years the average margin over the 10 per cent.

[President.]

annual dividend has been small. But the management is first class and the policy pursued by the introduction of compost manures in recent years has brought marked recovery in yields per acre. As the present report shows the yield per acre in 1939-40 was as much as 523 lbs. Further it may be observed that in Ceylon, duty on tea exports has given Rs. 33 lakhs and on rubber 65 lakhs. Further, an excess profits duty has also been levied. No excess profits duty is levied in this State and it is not intended to levy such duty. We are now raising tea duty only to the extent of the narrow limit proposed by the Financial Secretary. These duties are imposed on people who can bear the burden, on people who have, to a certain extent, benefited by the war measures and the war supply.

I am glad to announce that for the first time during many decades we have made some money out of our railway. We have got Rs. 1¼ lakhs last year and we have budgetted for an income of Rs. 1½ lakhs for the coming year. This railway line has unfortunately been so planned as in effect to produce the maximum possible loss and the minimum profit. Instead of the natural route from Tinnevelly to Trivandrum *Via* Nagercoil a route was chosen through Virudhunagar to Shencottah and Shencottah to Trivandrum which could not be expected to produce any profit. Thus we have a railway line which during the last twenty or twenty-five years has been making us pay year after year a fairly steady amount by way of our share of the loss to the South Indian Railway Company. But on account of the war demands and kindred circumstances the railway has begun to pay and that is a welcome feature which the honourable members of this House would indeed like to know.

On the whole it may be said that today our finances are more elastic than those of most of the units in British India for the reason that we rely less upon agriculture pure and simple.

With regard to the Pallivasal Hydro Electric Scheme—in regard to which I must pay a tribute to the Electrical Engineer who has done so such to make the scheme a success—there are two directions in which the work has proceeded and to which I must advert. A very important syndicate, the Aluminium Production Company has chosen Travancore as a venue of its operation and is to commence smelting operation in Aluminium on a very large scale from the end of this year or from the beginning of next year. Besides aluminium smelting many subsidiary industries will follow in the wake of the factory. The requirements of that concern are in the neighbourhood of 13,500 K. W. while our producing capacity is only 9,000 K. W. We have therefore to make arrangements for enlarging our production. In addition to that I am glad to be able to say that the prospects of our supplying Hydro Electric energy to the neighbouring State of Cochin are

fairly bright. Negotiations are proceeding and they are not finally concluded. There are small obstacles, but nevertheless I am sure that the Harbour, the great Soap Works, and Ernakulam and Trichur will soon be supplied with energy from Pallivasal. Honourable members who have seen the prospects in regard to irrigation in various areas will have realised what the possibilities of the Hydro Electric Scheme are in regard to irrigation. In fact one can see that what was started timorously and amidst opposition in the State of Mysore has now proved to be one of the greatest revenue producing industries in that State and I have no doubt that the same will happen here also. And now there is a proposal, as you must have known, to cultivate 25,000 acres of land by means of energy supplied from Pallivasal which will produce an additional quantity of 25 lakhs of paras of paddy. In this connection I must advert to a leading article in a paper called "Pouraprabha" dated the 11th June 1941. It says: "The schemes of the Director of Agriculture to augment the production of paddy are such that they will not produce any result in the near future." It is not possible to change what may be the deficit production of paddy into a surplus production, with the best will of the Pouraprabha Editor, in an year or two. But, along with the editor of the Pouraprabha, we are also alive to the need for putting forth our best efforts to increase the output of paddy.

With regard to Transport, the position was explained at length in the Financial Secretary's speech. But there are a few figures which might be borne in mind The receipts for the years 1113 to 1115 and ten months of 1116 amount to 39 lakhs of rupees and the expenditure for the same period comes to 32 lakhs. The Financial Secretary spoke that the profits have not been adequate and sufficient. But it must be remembered that the depreciation funds in regard to the lorries and breakages come to the extent of Rs. 5,27,238. Therefore the net profit is calculated after making allowance for depreciation fund. The balance available in other funds are credited to Government as interest on capital; refund of capital and profit etc., comes to Rs. 2,66,635. And, as has been pointed out, Mr. Salter's enterprise and the combined resources of the Public Works Department and the University will help very soon to bring into existence a state of things which will enable the transport to run on charcoal gas instead of on petrol. Honourable members no doubt have seen already indications of the possibility of the rationing of petrol elsewhere. Before that comes to happen we hope to be able to say that we don't want rationing because we don't want as much petrol as even you might be willing to supply.

With regard to the Ceramics, I am in a position to state that every ounce of clay that we can produce—we can produce large quantities—has been bespoken. We have in hand now orders for

[President.]

very large amounts. Here I don't want to give exact details as there are one or two competitors in the field now. But I hope that we shall be absolutely beyond competition in India or Asia within a very short time. We have already received orders from the Government of India for various articles which will keep the factory going for the next year or two without attending to any other demand whatsoever from outside. The result will be that we shall not be able to supply articles for the ordinary markets as we must fulfil our contract with the Government of India in regard to the supply of cups, saucers, insulators, etc., for war purposes. We propose to concentrate on that. Already we have sold China clay—first quality 300 tons, special quality 500 tons and third quality 900 tons so that it might be said from the business point of view that the industry is on an absolutely secure basis. That does not mean that improvements are not possible. Improvements are possible and are called for, and they will be taken on hand both in the matter of personnel and in the matter of actual working.

With regard to the Rubber Factory, it must be stated that till last year the Factory run under Government management was an acknowledged failure as a business concern. It produced things which nobody purchased. Whilst we demonstrated the possibility of efficient rubber production we also incidentally and unhappily demonstrated the futility of Government salesmanship in a competitive market. But I am now very glad to say that there are sales of over Rs. 4,000 a day and the net profit expected during the first year of working is one and one-fourth lakhs.

The Travancore Sugars was started with a certain amount of Travancore capital and a certain amount of capital from outside. The total loss sustained by the company was Rs. 1,62,000 and the loss incurred by Government amounted to Rs. 1,57,000. At present the company which is running that concern declares a dividend of ten per cent. free of income-tax and Government gets a net profit of Rs. 40,000 every year apart from taxes and dues. Now I am mentioning this here for the purpose of both encouraging ourselves and of taking a lesson and a warning. There is no future for the State unless side by side with intense agriculture a continuous policy of wise industrialisation is inaugurated. Such wise industrialisation is not possible if capital is shy. It is not possible unless each man who can invest his little savings will put it into the concerns with whose working he keeps himself in touch. There is no point in a share-holder putting Rs. 10,000 in a concern and going to sleep and waking up only at the time of the declaration or non-declaration of dividend and then shouting about it. Criticism, careful supervision, business-like methods, financial rectitude—these

are amongst the things which have to be kept in view. I see signs of a renaissance and of the growth of a new consciousness in business affairs. God grant we may take the opportunity and use it to the utmost.

I have been speaking in this house and elsewhere of the possibility of hand-loom weaving. I am not a believer in those programmes which would eradicate all the mills in the country and would enjoin every man and child of the country to concentrate on hand-spinning and hand-weaving. Nevertheless as a supplementary occupation to agriculture it is priceless. Hand-loom weaving is one of the dearest concerns of this Government; but side by side with hand-loom weaving will have to come power-loom weaving with the aid of power supplied from the Pallivasal Hydro-Electric Project. I trust that companies will come into existence for the purpose of exploiting the present opportunity.

I am also glad to be able to announce that negotiations are practically complete for the inauguration of a cement factory in the State. In the case of cement as in the case of sugar we are confronted with a well-known business phenomenon. The sugar production and marketing in South India is practically in the hands of one concern and until we came to terms with that concern it was not possible to start sugar production on a profitable basis. The Travancore Government came to terms with that concern and the industry has been put on a very safe footing. In the case of cement also, one particular concern practically controls the production all over India. It is not possible for this State to start another enterprise in competition. Therefore, Government have been negotiating with that concern so that the large sources of limestones in South Travancore and the limitless resources of shells in the Vembanad lake may be utilised for the purpose of cement production. A great cement factory will very soon come into existence. The site and many other details will be decided in the course of a week or two, and arrangements are already under way for the purpose of producing enough cement for consumption for all purposes within Travancore and Cochin. This is a matter of more than passing interest to Cochin and Travancore because our experience has taught us that rather than wasting our money on tar or wasting it on the routine maintenance of roads, sooner or later, it must be the programme and the policy of the State that all the highways in Travancore are cement concreted. With that policy in view, the Travancore Government is conducting negotiations and I hope very shortly to be able to announce the conclusions agreed to for the purpose of starting a cement factory which will also go a long way in augmenting the industrial prosperity of the State.

[President.]

On the agricultural side there is necessity for the State to take a bird's-eye view of the position. We should not concentrate so much on paddy as we have been doing but we have to devote our attention to fruit canning, fruit preserving, cultivation of soya beans and other dry crops which are of the greatest food value and which with the exploitation of our fisheries inland and maritime may make us infinitely more self-sufficient than we have been. In order to do that what is needed is scientific agriculture. But with the present fragmentation of holdings, with the present social and property organisation and with the present partition system it is to my mind, impossible to bring about any agricultural production on a large or intensive scale. Therefore it is that I have been more than once bringing to the notice of this house and to the notice of the people of Travancore, the necessity for the reorganisation of their property laws and for the reform of the co-operative system so that there may be the basic material appurtenances like land, implements, manure and water essential in order to utilise science in aid of agriculture. I am also very glad to be able to say that in the matter of timber our policy has yielded very fine results. Uneconomic competition and underbidding are over and our timber is assured of a market in India. We have been able to do some service in the course of our war efforts in regard to timber production and timber supply. The starting of all these agricultural and industrial reforms will depend in the long run for their ultimate success upon what I venture to call the rural reconstruction, the renaissance and recreation of village life and village activities. Without those the rest will be a huge superstructure on an inadequate and insufficient foundation. Government are therefore trying to bring into existence village unions and make them the media of local beneficence, joint effort and helpfulness including medical relief and enable them to undertake such works of an ameliorative character so that they may produce the new orientation of economic life without which the future will be gloomy indeed. And all these works demand incessant and enthusiastic collaboration from officials and non-officials alike. His Highness, a Ruler of whom we are all proud, has a right to expect that co-operation and I have confidence that it will be forthcoming ; and with that confidence and with a firm faith in our future I commend this Budget to your careful consideration.

The Joint Sitting terminated at 1 P.M.

Trivandrum, A GUNAMONY,
Secretary to the Sri Mulam Assembly.